

## **FISCAL NOTE**

### **SB 3447 – HB 3502**

February 4, 2008

**SUMMARY OF BILL:** Increases the state's single maximum exemption level for inheritance tax for tax year 2007 from \$1,000,000 to \$1,500,000; from \$1,000,000 to \$2,000,000 for tax year 2008, and from \$1,000,000 to \$3,500,000 in tax year 2009. Repeals inheritance tax for tax year 2010 and each year thereafter.

### **ESTIMATED FISCAL IMPACT:**

#### **Decrease State Revenue -**

**\$26,000,000 / FY08-09**

**\$39,500,000 / FY09-10**

**Exceeds \$76,600,000 / FY10-11 and thereafter**

#### Assumptions:

- Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the federal single maximum exemption levels are \$2,000,000 for tax years 2007 and 2008; \$3,500,000 for tax year 2009. EGTRRA repeals the federal estate tax for tax year 2010 and then reinstates it for 2011 at the 2001 level.
- Under this bill, the state's single maximum exemption level is increased from \$1,000,000 to \$1,500,000 for tax year 2007; increased to EGTRRA levels for tax years 2008 and 2009; then permanently repealed beginning in tax year 2010.
- Current state law allows filing extensions up to nine (9) months from decedent's death.
- Inheritance tax revenue is often collected in the fiscal year subsequent to the decedent's death due to the filing extension period.
- Inheritance tax is permanently repealed beginning with tax year 2010.
- A July 1, 2008 enactment date.
- Cases for decedents who died on or after July 1, 2007, but before January 1, 2008 are settled prior to July 1, 2008.
- The decreases of state revenue are estimated to be \$26,000,000 for FY08-09; \$39,500,000 for FY09-10; and amounts exceeding \$76,600,000 for FY10-11 and each fiscal year thereafter. Such

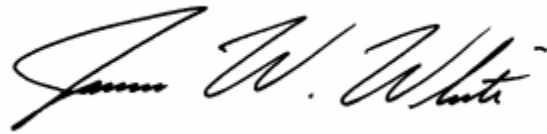
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estimates have been based on Monte Carlo simulations conducted by the Department of Revenue.

- This proposed legislation does not apply to generation-skipping transfers after December 31, 2009 or to the estates of decedents dying after December 31, 2009.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc